

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
WESTERN DIVISION

UNITED STATES OF AMERICA)	
)	No. _____
v.)	
)	Violations: Title 18, United
KEVIN O. JOHNSON,)	States Code, Sections 152(1),
a/k/a K.O. JOHNSON)	152(2), 152(8), 152(9), 157(2),
)	and 157(3)

COUNT ONE

The NOVEMBER 2015 GRAND JURY charges:

1. At times material to this indictment:

a. Defendant KEVIN O. JOHNSON, who also used the name K.O. Johnson, was a resident of Sycamore, Illinois, and was engaged in the practice of law, including bankruptcy law.

b. To begin a bankruptcy case, a bankruptcy petition was filed in the United States Bankruptcy Court. Persons or businesses that filed a bankruptcy petition were referred to as “debtors.” Creditors were persons or businesses that were owed money by a debtor.

c. One type of bankruptcy case was a Chapter 7 bankruptcy. Chapter 7 of the Bankruptcy Code (Title 11 of the United States Code), provided that debtors could obtain a fresh financial start through the discharge of some types of debt. A debtor that received a discharge had no further legal obligation to pay any debt that was discharged.

d. A debtor that filed a Chapter 7 bankruptcy petition was also required by law to file documents known as “schedules.” The debtor was required to list on the schedules any and all interests he might have had in any type of assets at the time he filed his bankruptcy petition. The types of assets the debtor was required to list included all real property and personal property, whether the assets were held in the debtor’s name, held in the name of another person for the benefit of the debtor, or held as collateral. The types of personal property the debtor was required to list included debts that were owed to the debtor, which included account receivables.

e. On the schedules, the debtor was also required disclose all liabilities and debts that the debtor owed, or possibly owed to creditors.

f. A debtor was also required to file a document known as a “statement of financial affairs.” On the statement of financial affairs, the debtor was required to answer questions and provide specific types of information.

g. Under penalty of perjury, the debtor was required to sign declarations of the accuracy of the schedules and statement of financial affairs.

h. Immediately upon the filing of a bankruptcy petition, ownership of the assets and liabilities of the debtor automatically became

part of what was called the debtor's "bankruptcy estate." At that time, the debtor no longer owned the assets.

i. The United States Trustee supervised the administration of bankruptcy cases. Upon the filing of a Chapter 7 bankruptcy petition, the United States Trustee appointed a person to act as the bankruptcy trustee for the debtor's bankruptcy estate. The United States Trustee also supervised these trustees.

j. The appointed bankruptcy trustee was responsible for the administration of the debtor's bankruptcy estate, including the liquidation of the debtor's property, if any, and the distribution of a pro rata share of the proceeds from the property to the debtor's creditors.

k. On demand by a bankruptcy trustee, the debtor was required to surrender to the bankruptcy trustee possession of any property of the bankruptcy estate and any recorded information, including books, documents, records, and papers, relating to property of the bankruptcy estate and the debtor's financial affairs.

l. After a Chapter 7 bankruptcy petition was filed, the debtor was required to appear at a meeting known as a "first meeting of creditors" or a "Section 341 meeting." At the first meeting of creditors, the debtor was required to testify under oath in response to relevant questions by the bankruptcy trustee and creditors.

m. On December 31, 2011, defendant KEVIN O. JOHNSON filed a Chapter 7 bankruptcy petition, in the United States Bankruptcy Court for the Northern District of Illinois, Western Division. This started a bankruptcy case that was assigned case number 11 B 85569. A Rockford attorney was appointed to serve as the Bankruptcy Trustee for the defendant's bankruptcy case.

2. Beginning in or about January 2012, and continuing through in or about June 2013, at Rockford and DeKalb, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, devised and intended to devise a scheme and artifice to defraud, which scheme is described below.

3. It was a part of the scheme that defendant KEVIN O. JOHNSON would hamper, hinder, impede, and obstruct the Bankruptcy Trustee from timely obtaining full and complete information about approximately \$1,790,000 of account receivables that were owed to the defendant by his present and former clients, and which the defendant had listed on his Bankruptcy Schedule B.

4. It was a further part of the scheme that after he filed his Bankruptcy Petition on December 31, 2011, the defendant would receive

account receivables from current and former clients for legal work he did prior to filing his Bankruptcy Petition, collect and attempt to collect account receivables from current and former clients for legal work he did prior to filing his Bankruptcy Petition, and use proceeds of those account receivables for his personal benefit.

5. It was a further part of the scheme to defraud that after the Bankruptcy Trustee told the debtor during the Section 341 hearing that the receivables were all part of the bankruptcy estate, that the defendant could not keep the account receivables, that the defendant must turn over the money he received from the account receivables to the Bankruptcy Trustee, and that the defendant must provide an accounting to the Bankruptcy Trustee for all money the defendant received from the account receivables, the defendant thereafter continued to receive, use, collect and attempt to collect account receivables, continued to withhold and refuse to pay all money from account receivables to the Bankruptcy Trustee, and continued to refuse to provide a complete accounting for the account receivables.

6. It was part of the scheme to defraud that defendant would hamper, hinder, impede, and obstruct the Bankruptcy Trustee by ignoring, disregarding, and evading multiple requests and demands by the Bankruptcy Trustee that the defendant provide full and complete information concerning the \$1,790,000 of account receivables.

7. It was a further part of the scheme to defraud that defendant would hamper, hinder, impede, and obstruct the Bankruptcy Trustee by instructing employees not to collect complete information, including entire files for current clients, for delivery to the Bankruptcy Trustee.

8. It was a further part of the scheme to defraud that defendant would hamper, hinder, impede, and obstruct the Bankruptcy Trustee by ignoring, disregarding, evading, and intentionally failing to comply with a Bankruptcy Court Order that required the defendant to turn over all proceeds from the collection of the account receivables to the Bankruptcy Trustee and to provide the Bankruptcy Trustee with all accounting records relating to any outstanding account receivable as of the commencement of the defendant's Bankruptcy case.

9. It was a further part of the scheme to defraud that when the defendant knew the Bankruptcy Trustee had notified and intended to notify all persons that owed account receivables to the defendant as of December 31, 2011, that they should make all future account receivable payments to the Bankruptcy Trustee, the defendant asked clients that owed such account receivables to ignore the Bankruptcy Trustee's letters and/or send the defendant the letters they received from the Bankruptcy Trustee, and not to send any payments to the Bankruptcy Trustee.

10. It was a further part of the scheme to defraud that when the defendant knew the Bankruptcy Trustee had notified and intended to notify all persons that owed account receivables to the defendant as of December 31, 2011, that they should make all future account receivable payments to the Bankruptcy Trustee, the defendant asked clients to sign misleading documents about the true nature of receivable payments that they had made and would make to the defendant.

11. It was a further part of the scheme to defraud that the defendant would hamper, hinder, impede, and obstruct the Bankruptcy Trustee by making false assertions and statements to the Bankruptcy Trustee, such as claiming that part of the \$1,790,000 of account receivables were exempt property that he was entitled to keep.

12. It was a further part of the scheme to defraud that the defendant would hamper, hinder, impede, and obstruct the Bankruptcy Trustee by making false assertions and statements to the Bankruptcy Trustee concerning security interests and liens on the \$1,790,000 of account receivables.

13. It was a further part of the scheme to defraud that defendant KEVIN O. JOHNSON would provide and cause to be provided to the Bankruptcy Trustee, false and incomplete information concerning the \$1,790,000 of account receivables, such as removing invoices and fee

agreements from client files, and providing account receivable balances but not the defendant's itemization of the work he performed for the client.

14. It was a further part of the scheme to defraud that the defendant would hamper, hinder, impede, and obstruct the Bankruptcy Trustee by omitting a BMO Harris Bank, N.A., account with an account number ending in 8720, which the defendant later used to deposit a check from a former client that represented the payment of an account receivable owed to the defendant at the time he filed his Bankruptcy Petition.

15. On or about January 14, 2012, at Rockford, in the Northern District of Illinois, Western Division,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, for the purpose of executing and concealing the above-described scheme and artifice, and attempting to do so, filed and caused to be filed a document in proceedings under Title 11, United States Code specifically, case number 11 B 85569 and case number 12-96032, namely Schedules of Assets and Liabilities and a Statement of Financial Affairs;

In violation of Title 18, United States Code, Section 157(2).

COUNT TWO

The NOVEMBER 2015 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One of this Indictment are re-alleged and incorporated as if fully repeated here.

2. On or about July 16, 2012, at Rockford, in the Northern District of Illinois, Western Division,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, for the purpose of executing and concealing the above-described scheme and artifice, and attempting to do so, filed and caused to be filed a document in proceedings under Title 11, United States Code specifically, case number 11 B 85569 and case number 12-96032, namely a Response to Complaint Objecting to the Debtors' Discharge Under 11 U.S.C. § 727;

In violation of Title 18, United States Code, Section 157(2).

COUNT THREE

The NOVEMBER 2015 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One of this Indictment are re-alleged and incorporated as if fully repeated here.

2. On or about May 2, 2012, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, for the purpose of executing and concealing the above-described scheme and artifice, and attempting to do so, filed and caused to be filed a document in a proceeding under Title 11, United States Code specifically, case number 11 B 85569, namely an Amended Schedule C – Property Claimed as Exempt;

In violation of Title 18, United States Code, Section 157(2).

COUNT FOUR

The NOVEMBER 2015 GRAND JURY further charges:

1. Paragraphs 1 through 14 of Count One of this Indictment are re-alleged and incorporated as if fully repeated here.

2. On or about July 16, 2012, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, for the purpose of executing and concealing the above-described scheme and artifice, and attempting to do so, made and caused to be made a false and fraudulent representation concerning or in relation to a proceeding under Title 11, specifically case number 11 B 85569, namely the defendant's representation to the Bankruptcy Trustee that the prepetition payments the defendant KEVIN O. JOHNSON had received were minimal, that payments to the defendant were more than covered by liens, when in fact as the defendant then well knew, there were no liens, and that the defendant had not been pursuing collections after he filed his bankruptcy petition, when in fact as the defendant then well knew, he had collected and was continuing to collect accounts receivable after he filed his Bankruptcy Petition;

In violation of Title 18, United States Code, Section 157(3).

COUNT FIVE

The NOVEMBER 2015 GRAND JURY further charges:

1. Paragraph 1 of Count One of this Indictment is re-alleged and incorporated as if fully repeated here.

2. On or about February 2, 2012, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, knowingly and fraudulently made a false material statement under oath in and in relation to a case under Title 11, specifically case no. 11 B 85569, by falsely testifying under oath in a proceeding before the Bankruptcy Trustee at a meeting of creditors that the defendant had a written agreement with his parents to re-pay his debt to them at a rate of \$1,000 per month, when in fact, as the defendant then well knew, no such written agreement existed;

In violation of Title 18, United States Code, Section 152(2).

COUNT SIX

The NOVEMBER 2015 GRAND JURY further charges:

1. Paragraph 1 of Count One of this Indictment is re-alleged and incorporated as if fully repeated here.

2. On or about May 2, 2012, at Rockford, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, knowingly and fraudulently falsified and made a false entry in recorded information relating to the property or financial affairs of the defendant KEVIN O. JOHNSON after the filing of a case under Title 11, case no. 11 B 85569, specifically an accounts receivable register for the Law Office of K.O. Johnson, for the period from 01/01/2012 through 01/31/2012, in which, as the defendant then well knew, he had not disclosed all of the account receivables that he had collected during that period;

In violation of Title 18, United States Code, Section 152(8).

COUNT SEVEN

The NOVEMBER 2015 GRAND JURY further charges:

From on or about February 2, 2012 to in or about June 2013, at DeKalb, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, knowingly and fraudulently withheld recorded information relating to the financial affairs of the debtor from the Bankruptcy Trustee after the filing of a case under Title 11, case no. 11 B 85569, specifically, recorded information about \$1,790,000 of account receivables;

In violation of 18 U.S.C. § 152(9).

COUNT EIGHT

The NOVEMBER 2015 GRAND JURY further charges:

From on or about February 2, 2012 to in or about June 2013, at DeKalb, in the Northern District of Illinois, Western Division, and elsewhere,

KEVIN O. JOHNSON,
a/k/a K.O. JOHNSON,

defendant herein, knowingly and fraudulently concealed from the Bankruptcy Trustee who was charged with control of the debtor's property in Bankruptcy case no. 11 B 85569, property belonging to the bankruptcy estate, specifically account receivables and account receivable payments he had received;

In violation of 18 U.S.C. § 152(1).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY